

April 28, 2022

Dear Sir/Madam,

Price Increase Notification

These are truly unprecedented times that we are all experiencing. The impact of two years of Covid has resulted in continuing global supply chain pressure with raw material and component shortages, supplier price increases and extensive shipping delays. Furthermore, the war in Ukraine is affecting oil prices adding further pressure to the supply chain. We are now faced with spiralling inflation, the like of which we have not seen since the 1970's. These types of challenges are unfortunately not surprising to you and have resulted in significant price increases to Vectair, ranging from 8-27%

Vectair will continue to mitigate these additional costs where possible. For example, we have taken actions to increase packing density, rationalising internal packaging to reduce cost. We also have improved how we ship product from the plant to our warehouse. As worthwhile as these efforts and the others we've taken are they only partially offset the price increases we have experienced.

In view of this unprecedented situation, we reluctantly will be introducing a 10% price increase on all products invoiced by Vectair Systems with effect from the June 1, 2022. Offsetting this increase is the removal of the 3% China Tariff surcharge currently included on all invoices. **This results in an overall net price increase of 7%.** For clarity, the 3% supply chain related surcharge introduced in September 2021 will continue as the pricing position outlined at that time has not improved. We will continue to monitor the cost increases covered by the surcharge and revise if the level of these costs change.

We understand that a price increase is unwelcome news for all our customers. However, we hope that you can understand the rationale behind our decision. Should you have any questions please contact your account manager. We thank you for your continued support during these very difficult times.

If someone else in your organization should be receiving this notification, please email Kristy Kenney at kristykenney@vectairsystems.com, so we can update our system and resend this notification.

Price Lists are being updated by our Customer Service Team and will be sent to you in due course. We plan to have them updated by mid-May and will get these to you as soon as possible.

Yours sincerely,

Nate Hjelseth

CFO